

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 04 2013

# Financial Report



For the Year Ended  
December 31, 2012

Judicial Expense Fund for the  
Civil District Court for the  
Parish of Orleans

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## INTRODUCTORY SECTION



# Judicial Expense Fund

320 Civil Courts Building

421 Poydras Ave.

New Orleans, La. 70112

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June 20, 2013

To: Chief Piper Griffin  
The Judges *En Banc* of the Judicial Expense Fund  
The Supreme Court of the State of Louisiana  
Citizens of the Parish of Orleans and the State of Louisiana

It is my privilege to present the Annual Financial Report on the financial condition of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, also including First and Second City Courts, (the Judicial Expense Fund), for the fiscal year ended December 31, 2012. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514

The Judges *En Banc* of the Judicial Expense Fund are responsible for the accuracy, completeness and fair presentation of the data, representations, and disclosures presented in the report. To the best of my knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations, and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the Judicial Expense Fund.

GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page 13 immediately following the independent auditor's report, and should be read in conjunction with it.

## Independent Audit

These financial statements have been audited by the firm of Bruno and Tervalon LLP, Certified Public Accountants, located in New Orleans, Louisiana. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal year ended December 31, 2012 is free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and

disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The financial statements of the Judicial Expense Fund for the year ended December 31, 2012 are fairly presented in accordance with GAAP. The independent auditor's report is the first component of the financial section of this report

### **Accounting Control**

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the Judicial Expense Fund adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

### **Profile of the Judicial Expense Fund**

The Louisiana State Constitution of 1879 created the Judicial Expense Fund, which includes a district court (Orleans Parish Civil District Court), two city courts (First City Court and Second City Court of New Orleans), and two city offices (the Recorder of Mortgages and the Register of Conveyances of New Orleans). Act 621 of the Louisiana Legislature was Signed by the governor on June 23, 2006. As a result of this legislation the composition of the fund has changed. Effective January 1, 2009, the Recorder of Mortgages and the Register of Conveyances became divisions of the Clerk of Civil District Court's Operations and are no longer a part of the Judicial Expense Fund. Management's Discussion and Analysis includes a description of the financial reporting entity, and Note 1 explains the significant accounting policies.

The Judicial Expense Fund has only one fund, a General Fund. Revenues are comprised primarily of filing fees paid by attorneys and litigants. The Judicial Expense Fund is completely self-funded and does not receive tax revenue of any type. At December 31, 2012, the Judicial Expense Fund did not have any debt, and all of the Fund Balance is unreserved.

As the Organizational Chart on page 6 shows, the fourteen judges of Civil District Court, the three judges of First City Court, and the judge of Second City Court form the Judges *En Banc*, which is charged with managing the Judicial Expense Fund in accordance with Louisiana Revised Statutes, Title 13, and Section 1312. The names of these principal officials can be found on page 5 following this letter. All eighteen judges are elected for six-year terms. Judge Rosemary Ledet, Division B, resigned effective December 31, 2011. She was replaced effective January 1, 2012 by Judge Regina Bartholomew. Judge Madeline Landrieu, Division E also resigned effective December 31, 2011. She was replaced by Judge Clare Jupiter effective

January 1, 2012. Judge Herbert Cade Division K also resigned effective December 31, 2011. He will be replaced by Judge Bernadette D'Souza effective March 1, 2012. Judge Mary "KK" Norman, Second City Court, retired effective December 31, 2012 and was replaced by Judge E. "Teena" Anderson-Trahan effective January 1, 2013. The terms of the 11 other judges of Civil District Court expire on December 31, 2014; the terms of the three First City Court judges expire on December 31, 2016; and the term of the Second City Court judge expires on December 31, 2019.

The Judges *En Banc* at a public meeting on December 4, 2011, adopted a budget for the fiscal year ending December 31, 2012. In accordance with Louisiana Revised Statutes, Title 39, section 1305 the budget is prepared by function and character. Management's Discussion and Analysis compares the budget with actual results and discusses the reasons for the major variances. The budget-to-actual financial statement appears as part of the basic financial statements.

#### **Factors Affecting Financial Condition**

On August 29, 2005, the City of New Orleans was devastated by Hurricane Katrina. Operations of the Judicial Expense Fund. The population of New Orleans is less than it was prior to the storm, however the level of legal cases and real estate filings has returned to near pre-storm levels.

One major impact of Act 621 is the creation of the Clerk's Salary Fund which is funded by part of the filing fees collected by the Clerk of Civil District Court. This Act has also significantly changed the component units of the Judicial Expense Fund. This has resulted in great change to the revenue and expenses of the fund.

#### **Capital Improvement Projects**

The Judicial Expense Fund intends to upgrade components of the Computer Information System. There are no other capital improvement projects in progress.

#### **Investments**

Currently, idle funds are invested only in two money market accounts. Note 2 describes the risks associated with these invested funds.



## **Risk Management**

The Judges *En Banc* manage the Judicial Expense Fund's risks by purchasing commercial insurance policies, including coverage for general liability, property, crime, errors and omissions, professional liability, and workers compensation. Please see Note 7 for information on when liabilities are recorded in the financial statements.

## **Pensions**

As is described in detail in Note 3, employees of the Judicial Expense Fund participate in one of three multiple-employer defined benefit retirement plans, depending on the employee's job. The Judicial Expense Fund does not guarantee the benefits issued by any of these three pension plans. The employer contribution rates for all three pensions increased in 2012. Note 3 contains additional pension information, including employer and employee contribution rates for 2012.

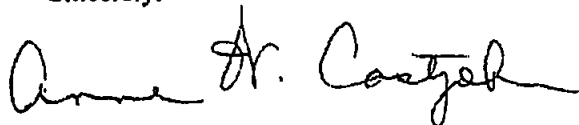
## **Postemployment Benefits**

In June, 2004 the GASB issued Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Judicial Expense Fund implemented this Statement in 2004, four years earlier than the required implementation date. Note 11 provides greater detail about postemployment benefits and the actuary's report.

## **Acknowledgments**

I express my appreciation to Traci Dias, Judicial Administrator, the Judges *En Banc*, Parochial Officials and their respective staff members for their support in preparing this report. I would also like to thank the staff of the Judicial Expense Fund for their hard work and contributions.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne W. Castjohn". The signature is fluid and cursive, with the first name "Anne" being the most prominent.

Anne W. Castjohn, CPA, CGFM, MPA  
Chief Accountant

JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS

**PRINCIPAL OFFICIALS**

*2012 JUDGES EN BANC*

<u>Judge's Name</u>	<u>Court</u>	<u>Division</u>
Tiffany Chase	Civil District Court	A
Regina Bartholomew	Civil District Court	B
Sidney H. Cates, IV	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Clare Jupiter	Civil District Court	E
Christopher Bruno	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bagneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Paula Brown	Civil District Court	J
Bernadette D'Souza	Civil District Court	K
Kern A. Reese	Civil District Court	L
Paulette R. Irons	Civil District Court	M
Ethel Simms Julien	Civil District Court	N
Monique G. Morial	First City Court	Section A
Angelique A. Reed	First City Court	B
Veronica Henry	First City Court	C
Mary "KK" Norman (1)	Second City Court	

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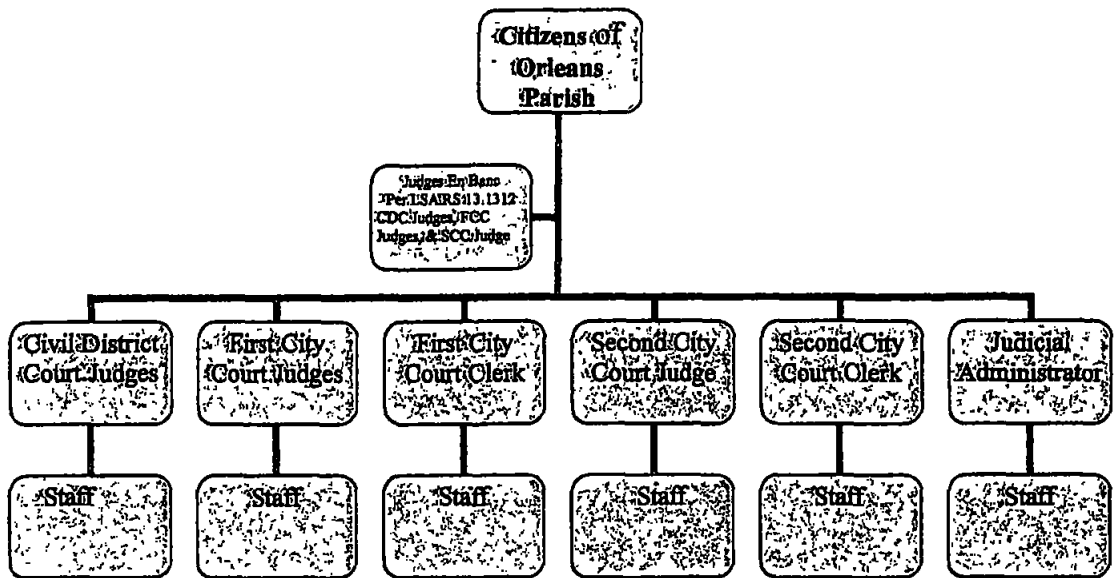
**2012 PAROCHIAL OFFICIALS**

Ellen M. Hazeur	Clerk of First City Court
Martin L. Broussard, Jr. (2)	Clerk of Second City Court

(1) On December 31, 2012 Judge Norman retired and was replaced by Judge E "Teena" Anderson-Trahan on January 1, 2013.

(2) Martin L. Broussard, Jr. retired on December 31, 2012 and was replaced by Darren Lombard on January 1, 2013

Judicial Expense Fund for Civil District Court, Parish of Orleans  
Organizational Chart.



## FINANCIAL SECTION





Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  

---

(Retired)  
Michael B. Bruno, CPA (2011)

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans**  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activity and major fund of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts for the Parish of Orleans** (hereinafter collectively referred to as the **Judicial Expense Fund**), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the **Judicial Expense Fund's** basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans**  
New Orleans, Louisiana

**Auditors' Responsibility**

Our responsibility is to express our opinion on these financial statements based on our audit. We did not audit the financial statements of the Clerk of Civil District Court for the Parish of Orleans and Clerk of the First City Court for the Parish of Orleans for 2012, whose fiscal operations, pursuant to LSA-R.S. 13.1312, are managed by the **Judicial Expense Fund**. The statements for the Clerk of the First City Court for the Parish of Orleans reflect total assets of \$769,158 and collections of \$73,321 as of and for the year ended December 31, 2012.

Total assets for the Clerk of Civil District Court for the Parish of Orleans for 2012 were \$52,486,801 and total revenue was \$124,672 for the year then ended December 31, 2012.

Those statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the Clerk of Civil District Court for the Parish of Orleans, and the Clerk of First City Court for the Parish of Orleans is based solely on the report of the other auditors.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the**  
**Civil District Court for the Parish of Orleans,**  
**also including First and Second City Courts**  
**for the Parish of Orleans**  
New Orleans, Louisiana

**Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **the Judicial Expense Fund's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity, and major fund of **the Judicial Expense Fund**, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans**  
New Orleans, Louisiana

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 13 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the**  
**Civil District Court for the Parish of Orleans,**  
**also including First and Second City Courts**  
**for the Parish of Orleans**  
New Orleans, Louisiana

**Other Matters, Continued**

*Other Supplementary Information*

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the **Judicial Expense Fund's** basic financial statements. Schedules I, II, and III are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules I, II and III are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules I, II and III are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans**  
New Orleans, Louisiana

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 on our consideration of the **Judicial Expense Fund's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Judicial Expense Fund's** internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 20, 2013

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Introduction to the Two Types of Financial Statements**

This section of the **Judicial Expense Fund's** annual financial report presents management's discussion and analysis of its performance as of and for the year ended December 31, 2012.

The **Judicial Expense Fund** has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a specific-purpose government. The fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance) show the results of operations and financial position using the *current financial resources* measurement focus and the *modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Position and Statement of Activities), show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual* basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

The difference in *measurement focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund* statements are concerned with only *current* financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statements; *government-wide* financial statements *include* noncurrent assets and liabilities and their related expenses. For the **Judicial Expense Fund** at the *fund level*, the full purchase price of capital assets, net of retirements (\$27,116 in 2012 and \$123,685 in 2011) has been recorded as *expenditures* on the operating statement in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the *government-wide* statements focus on *total* economic resources, capital assets are shown as noncurrent assets on the Statement of Net Position (with their related accumulated depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund-level Balance Sheet excludes noncurrent liabilities (\$2,390,036 in 2012 and \$623,651 in 2011), but the government-wide Statement of Net Position includes these liabilities, as they will be paid sometime in the future and thus affect *total* economic resources, although not *current* financial resources.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Introduction to the Two Types of Financial Statements, Continued**

The second difference between fund and government-wide financial statements is the basis of accounting, or the timing of the recognition of transactions and events. *Fund* statements use the *modified accrual* basis of accounting, which recognizes revenues when they are earned, only so long as they are collectible within the fiscal period, and expenditures when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements use the *full accrual* basis of accounting: revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long term. Chart 1 summarizes these differences.

**CHART 1:**

**Overview of Difference in Fund and Government-Wide Financial Statements**

	<u>Fund</u>	<u>Government-Wide</u>
Statement of Position	Balance Sheet	Statement of Net Position
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement focus	Current financial resources	Total economic resources
Basis of accounting	Modified accrual	Accrual

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**CHART 1:**

**Overview of Difference in Fund and Government-Wide Financial Statements,  
Continued**

	<u>Fund</u>	<u>Government-Wide</u>
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Position; depreciation expense for the current fiscal year is recorded in the Statement of Activities; total accumulated depreciation expense is shown on the Statement of Net Position; the related expense is recorded in the Statement of Activities
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred	Shown on the Statement of Net Position; the related expense is recorded in the Statement of Activities
Depreciation expense	Not recorded	Recorded in the Statement of Activities
Accumulated depreciation	Not recorded	Shown on the Statement of Net Position

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Overview of Difference in Fund and Government-Wide Financial Statements,  
Continued**

The *presentation* of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and *Fund Balance*, with a reconciliation to the net position figure which appears at the bottom of the government-wide Statement of Net Position. All assets and liabilities on the Balance Sheet are current. The government-wide Statement of Net Position shows assets and liabilities, separated into current and noncurrent, and *Net Position* (the difference between the two). All of the **Judicial Expense Fund's** net position except for the amount invested in capital assets are unrestricted.

A significant difference lies in the presentation of the operating statement. The fund Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the *fund balance reconciliation*. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" so it begins with the expenses of each function, followed by *program revenues* (the specific revenues provided by users of the services), to derive at net program (expenses) revenue (the difference between program revenues and expenses). Reading down the net column, general revenues are added to calculate the change in net position, which is reconciled to net position at the end of the year.

The four functions of the **Judicial Expense Fund** are (1) the eleven divisions of Civil District Court; (2) three sections of First City Court; (3) Second City Court; and (4) three divisions of Domestic Support. General and administrative costs are allocated to the first three of four functions based on that function's percent of total revenues derived from filing fees.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**How 2012 Compares with 2011 - Statement of Net Position**

Chart 2 provides condensed information from the Statement of Net Position for 2012 and 2011

**CHART 2:  
Statement of Net Position Comparative Data**

	<u>2012</u>	<u>2011</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Capital assets, net	\$ 360,484	\$ 333,368	\$ 27,116	8.1
Other assets	<u>3,842,537</u>	<u>4,243,771</u>	<u>(401,234)</u>	(9.5)
<b>Total assets</b>	<b><u>4,203,021</u></b>	<b><u>4,577,139</u></b>	<b><u>(374,118)</u></b>	<b>(8.2)</b>
Noncurrent liabilities	2,390,036	623,651	1,766,385	283.2
Other liabilities	<u>638,148</u>	<u>587,888</u>	<u>50,260</u>	8.5
<b>Total liabilities</b>	<b><u>3,028,184</u></b>	<b><u>1,211,539</u></b>	<b><u>1,816,645</u></b>	<b>150.0</b>
<b>Total net position</b>	<b><u>\$1,174,837</u></b>	<b><u>\$3,365,600</u></b>	<b><u>\$(2,190,763)</u></b>	<b>(65.1)</b>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**How 2011 Compares with 2010 - Statement of Net Position, Continued**

Capital assets increased from 2011 to 2012 because depreciation expense for 2012 of \$(131,403) was less than the \$158,519 increase in purchases of capital assets. Notes 1 and 4 include details on all of the **Judicial Expense Fund's** capital assets.

The main components of other assets are cash and accounts receivable. **Cash** increased by \$265,925 due to collection on receivables from 2011. Current liabilities decreased due to a increase in accounts payable. Noncurrent liabilities increased to accommodate the recognition of \$1,435,540 (based on an opinion from the Louisiana Attorney General) due to the Clerk of the Civil District Court resulting from the transfer of the Offices of Mortgages and Conveyance.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**How 2012 compares with 2011 - Statement of Activities**

Chart 3 below gives comparative data from the Statement of Activities for the fiscal years ended December 31, 2012 and 2011:

**CHART 3:  
Statement of Activities Comparative Data**

	<u>2012</u>	<u>2011</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
<b>Revenues:</b>				
Program revenues	\$ 6,926,213	\$6,917,106	\$ 9,107	0.1
General revenues	<u>1,475,515</u>	<u>1,866,622</u>	<u>(391,107)</u>	(21.0)
Total revenues	<u>8,401,728</u>	<u>8,783,728</u>	<u>(382,000)</u>	(4.3)
<b>Expenses:</b>				
Civil District Court	5,006,576	4,716,237	290,339	6.2
First City Court	2,729,391	2,623,155	106,236	4.0
Second City Court	602,387	594,215	8,172	1.4
Domestic support	<u>818,597</u>	<u>825,756</u>	<u>(7,159)</u>	(0.9)
Total expenses	<u>9,156,951</u>	<u>8,759,363</u>	<u>397,588</u>	4.5
Change in net position	<u>(755,223)</u>	<u>24,365</u>	<u>(779,588)</u>	(3,200)
Beginning net position	3,365,600	3,341,235	24,365	0.7
Prior period adjustment	<u>(1,435,540)</u>	<u>-0-</u>	<u>(1,435,540)</u>	(100.0)
Ending net position	<u>\$ 1,174,837</u>	<u>\$3,365,600</u>	<u>\$(2,190,763)</u>	(65.1)

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**How 2012 compares with 2011 - Statement of Activities, Continued**

Program revenues in 2012 was higher than 2011 by 1% due primarily to an increase in the level of funding for the Domestic support program. For general revenues, the decrease in 2012 versus 2011 was due primarily to a 36% change in the amount of interest income received from the Clerk of Civil District Court for the Parish of Orleans.

Program revenues were lower in 2011 than in 2010 because in 2010 the **Judicial Expense Fund** experienced both rates and volume increase.

**Budgetary Comparison**

Chart 4 below shows the amounts for the original budget, final budget, and actual results for 2012 and 2011.

**CHART 4:  
2012 and 2011 Budgetary Comparison Data**

	<u><b>2012</b></u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ <u>8,888,583</u>	\$ <u>8,888,583</u>	\$ <u>8,401,728</u>
Total revenues	<u>8,888,583</u>	<u>8,888,583</u>	<u>8,401,728</u>
Operating expenditures	10,696,337	10,696,337	9,025,548
Capital expenditures	<u>400,000</u>	<u>400,000</u>	<u>27,116</u>
Total expenditures	<u>11,096,337</u>	<u>11,096,337</u>	<u>9,052,664</u>
Excess (deficit) of revenue over (under) expenses	(2,207,754)	(2,207,754)	(650,936)
Other financing sources (fund balance)	<u>2,207,754</u>	<u>2,207,754</u>	<u>650,936</u>
Change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Budgetary Comparison, Continued**

**CHART 4:  
2012 and 2011 Budgetary Comparison Data, Continued**

	<u>2011</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ <u>9,237,424</u>	\$ <u>9,237,424</u>	\$ <u>8,783,728</u>
Total revenues	<u>9,237,424</u>	<u>9,237,424</u>	<u>8,783,728</u>
Operating expenditures	8,606,444	8,606,444	8,611,813
Capital expenditures	<u>400,000</u>	<u>400,000</u>	<u>258,828</u>
Total expenditures	<u>9,006,444</u>	<u>9,006,447</u>	<u>8,870,641</u>
Change in fund balance	\$ <u>230,980</u>	\$ <u>230,980</u>	\$ <u>(86,913)</u>

Neither the 2012 nor the 2011 budgets were amended.

Actual results differed from the final budget in both years. For 2012 and 2011, an intergovernmental agency revenue agreement impacted the level of revenues. Actual expenses were lower than budgeted for 2012 and 2011 due to the cost saving measures implemented by the Judges *En Banc*.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Overall Analysis**

Operations in 2012 decreased net position by \$755,223, excluding the impact of a prior period adjustment of \$1,435,540 in 2012 compared to an increase in 2011. The measures taken by the Judges *En Banc* are currently allowing the court to operate at a sustainable level.

**The Judicial Expense Fund** does not have any infrastructure assets. Long-term debt represents the resolution of the net sum of fees collected by the offices of Mortgages and Conveyance, a small lease, unfunded post employment, and a retirement escrow which are discussed in NOTES 11 and 15. Since **the Judicial Expense Fund** has only one fund, the General Fund, no fund analysis is necessary as this entire discussion pertains to this single general fund.

**Requests for Information**

This financial report is designated to provide a general overview of the finances of **the Judicial Expense Fund** for all those interested in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to **the Judicial Expense Fund**, 421 Loyola Avenue, Room 320, New Orleans, LA 70112.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

---

**ASSETS**

	<u>Governmental Activity</u>
Current Assets:	
Cash and temporary cash investments (NOTE 2)	\$2,857,571
Accounts receivable	869,349
Interest receivable (NOTE 6)	43,051
Prepaid items	<u>72,566</u>
Total current assets	<u>3,842,537</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation (NOTE 4)	<u>360,484</u>
Total noncurrent assets	<u>360,484</u>
Total assets	<u>4,203,021</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET POSITION, CONTINUED  
DECEMBER 31, 2012**

---

**LIABILITIES**

	<u>Governmental Activity</u>
Current Liabilities:	
Accounts payable and accrued expenses	\$ 500,350
Salaries and benefits payable	122,948
Compensated absences	<u>14,850</u>
Total current liabilities	<u>638,148</u>
Noncurrent liabilities:	
Atkins retirement escrow (NOTE 11)	2,955
Other noncurrent liabilities (NOTE 11)	1,407,293
Unfunded postemployment benefits (NOTES 10 and 11)	<u>979,788</u>
Total noncurrent liabilities	<u>2,390,036</u>
Total liabilities	<u>3,028,184</u>

**NET POSITION**

Net investment in capital assets	360,484
Unrestricted	<u>814,353</u>
Total net position	<u>\$1,174,837</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Civil District Court	\$5,006,576	\$4,507,331	\$34,804	\$ (464,441)
First City Court	2,729,391	1,926,366	-0-	(803,025)
Second City Court	602,387	270,115	-0-	(332,272)
Domestic support	<u>818,597</u>	<u>187,597</u>	<u>-0-</u>	<u>(631,000)</u>
Total	<u>\$9,156,951</u>	<u>\$6,891,409</u>	<u>\$34,804</u>	(2,230,738)
General Revenues:				
Interest income				46,042
Other income				<u>1,429,473</u>
Total general revenues				<u>1,475,515</u>
Change in net position				(755,223)
Net position, beginning of year, as previously reported				3,365,600
Prior period adjustment (NOTE 15)				<u>(1,435,540)</u>
Net position, beginning of year, as restated				<u>1,930,060</u>
Net position, end of year				<u>\$ 1,174,837</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
BALANCE SHEET- GOVERNMENTAL FUND  
DECEMBER 31, 2012**

---

**ASSETS**

Cash and temporary cash investments	\$ 2,857,571
Accounts receivable	233,091
Interest receivable	43,051
Prepaid items	72,566
Clerk's Benefit Fund receivable	620
Clerk's Salary Fund receivable	<u>635,638</u>
Total assets	<u>3,842,537</u>

**LIABILITIES**

Accounts payable and accrued expenses	500,350
Salaries and benefits payable	122,948
Compensated absences	<u>14,850</u>
Total liabilities	<u>638,148</u>

**FUND BALANCE**

Unassigned fund balance	2,771,339
Nonspendable fund balance	<u>433,050</u>
Total fund balance	<u>3,204,389</u>

Amounts reported for governmental activities in the Statement of Net Position are different because. Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund at the fund level	360,484
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund at the fund level.	<u>(2,390,036)</u>
Net position	<u>\$ 1,174,837</u>

The accompanying notes are an integral part of the financial statements



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**REVENUES**

Filing fees, net	\$ 6,703,812
Interest income	46,042
Grant income	34,804
Domestic support	187,597
Other income	<u>1,429,473</u>
Total revenues	<u>8,401,728</u>

**EXPENDITURES**

**Direct:**

Salaries	5,370,394
Employee benefits	2,566,168
Court stenographer and interpreter fees	8,987
Juror meals and transportation	<u>2,511</u>
Total direct expenditures	<u>7,948,060</u>

**Indirect:**

Books, printing and copying	170,112
Building and personnel security	125,400
Communication	190,513
Facilities	60,479
Furniture and equipment maintenance	116,009
Insurance	107,525
Office supplies and expenditures	108,951
Postage and courier	39,415
Professional services	96,352
Other expenditures	<u>10,580</u>
Page total	<u>1,025,336</u>

The accompanying notes are an integral part of the financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUND, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**EXPENDITURES, CONTINUED**

Indirect, Continued.

Professional education and dues	\$ 52,152
Capital expenditures	<u>27,116</u>
Total indirect expenditures	<u>1,104,604</u>
Total expenditures	<u>9,052,664</u>
Change in fund balance	(650,936)
Fund balance, beginning of year	<u>3,655,883</u>
Prior period adjustment	<u>199,442</u>
Fund balance, beginning of year, as restated	<u>3,855,325</u>
Fund balance, end of year	<u>\$ 3,204,389</u>

The accompanying notes are an integral part of the financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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Change in fund balance	\$ (650,936)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net of retirements exceed accumulated depreciation in the current period.	<u>(104,287)</u>
Change in net position	<u><u>\$ (755,223)</u></u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2012**

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	<b><u>CLERK OF THE SECOND CITY COURT FOR THE PARISH OF ORLEANS</u></b>		<b><u>CLERK OF THE FIRST CITY COURT FOR THE PARISH OF ORLEANS</u></b>	
	<b><u>REGISTRY OF COURT FUND</u></b>	<b><u>GARNISHMENT DEPOSIT FUND</u></b>	<b><u>REGISTRY OF COURT FUND</u></b>	<b><u>GARNISHMENT DEPOSIT FUND</u></b>
<b>Assets</b>				
Cash and cash equivalents	<u>\$23,571</u>	<u>\$37,639</u>	<u>\$470,892</u>	<u>\$298,266</u>
Total assets	<u>23,571</u>	<u>37,639</u>	<u>470,892</u>	<u>298,266</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Undistributed interest	-0-	-0-	124,006	13,224
Due to litigants	<u>23,571</u>	<u>37,639</u>	<u>346,886</u>	<u>285,042</u>
Total liabilities	<u>23,571</u>	<u>37,639</u>	<u>470,892</u>	<u>298,266</u>
Net position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2012**

---

	<b>CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS</b>		
	<u>REGISTRY/ GARNISHMENT FUND</u>	<u>APPEALS FUND</u>	<u>TOTAL</u>
<b>Assets:</b>			
Cash and cash equivalents	<u>\$51,435.774</u>	<u>\$1,051.027</u>	<u>\$52,486.801</u>
Total assets	<u>51,435.774</u>	<u>1,051.027</u>	<u>52,486.801</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Deposits by litigants and interest credited	<u>\$51,262,735</u>	<u>\$1,051,027</u>	<u>\$52,313,762</u>
Due to Judicial Expense Fund	<u>42,706</u>	<u>-0-</u>	<u>42,706</u>
Total liabilities	<u>51,305,441</u>	<u>1,051,027</u>	<u>52,356,468</u>
<b>Net Position:</b>			
Unreconciled cash	<u>130,333</u>	<u>-0-</u>	<u>130,333</u>
Net position	<u>\$ 130,333</u>	<u>\$ -0-</u>	<u>\$ 130,333</u>

The accompanying notes are an integral part of the financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b><u>CLERK OF THE SECOND CITY COURT FOR THE PARISH OF ORLEANS</u></b>		<b><u>CLERK OF THE FIRST CITY COURT FOR THE PARISH OF ORLEANS</u></b>	
	<b><u>REGISTRY OF COURT FUND</u></b>	<b><u>GARNISHMENT DEPOSIT FUND</u></b>	<b><u>REGISTRY OF COURT FUND</u></b>	<b><u>GARNISHMENT DEPOSIT FUND</u></b>
<b><u>Additions</u></b>				
Court costs, charges and fees collected	\$323,021	\$ -0-	\$ -0-	\$ -0-
Less court costs, charges and fees refunded	(1,415)	-0-	-0-	-0-
Constable and transcript fees collected	1,842	-0-	-0-	-0-
Garnishment deposits	1,530	2,745	-0-	-0-
Interest earnings	22	41	416	701
Collections on behalf of litigants or upon court order	<u>6,102</u>	<u>-0-</u>	<u>60,051</u>	<u>12,153</u>
Total additions	<u>331,102</u>	<u>2,786</u>	<u>60,467</u>	<u>12,854</u>
<b><u>Reductions</u></b>				
Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	348,107	-0-	-0-	-0-
Constable and transcript fees paid	1,842	-0-	-0-	-0-
Garnishment deposits distributed to the Garnishment Deposit Fund	2,745	-0-	-0-	-0-
Payments to litigants or upon court order	21,807	-0-	31,192	1,200
Interest earnings distributed to the Capital Improvements Fund	43	9	-0-	-0-
Garnishment deposits, distributions to respondents and refunds	-0-	105	-0-	-0-
Bank charges	-0-	-0-	76	76
Transfers to Capital Improvement Fund	-0-	-0-	411	698
Other reductions	<u>3,096</u>	<u>1,095</u>	<u>-0-</u>	<u>-0-</u>
Total reductions	<u>377,640</u>	<u>1,209</u>	<u>31,679</u>	<u>1,974</u>
Increase (decrease)	(46,538)	1,577	28,788	10,880
Total liabilities, beginning of year	<u>70,109</u>	<u>36,062</u>	<u>269,478</u>	<u>460,012</u>
Total liabilities, end of year	<u>\$ 23,571</u>	<u>\$37,639</u>	<u>\$298,266</u>	<u>\$470,892</u>

The accompanying notes are an integral part of the financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES AND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<b>CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS</b>		
	<u>REGISTRY/ GARNISHMENT FUND</u>	<u>APPEALS FUND</u>	<u>TOTAL</u>
<b><u>Additions</u></b>			
Interest earnings	\$124,672	\$ -0-	\$124,672
Total additions	<u>124,672</u>	<u>-0-</u>	<u>124,672</u>
<b><u>Reductions</u></b>			
Transfer to Judicial Expense Fund	62,336	-0-	62,336
Transfers to Registry Fund	<u>62,336</u>	<u>-0-</u>	<u>62,336</u>
Total reductions	<u>124,672</u>	<u>-0-</u>	<u>124,672</u>
Increase (decrease)	-0-	-0-	-0-
Net position, beginning of year	208,705	-0-	208,705
Adjustment for unreconciled cash	<u>(78,372)</u>	<u>-0-</u>	<u>(78,372)</u>
Net position, end of year	<u>\$130,333</u>	<u>\$ -0-</u>	<u>\$130,333</u>

The accompanying notes are an integral part of the financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Summary of Significant Accounting Policies:

Background

The Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the **Judicial Expense Fund**) is designated by LSA-R.S. 13:1312 as the managing entity for fiscal operations of the Clerks of the First and Second City Courts of the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *En Banc* as set forth in LSA-R.S. 13:1312, have sole responsibility and oversight for the **Judicial Expense Fund**. This responsibility and oversight includes control over all revenues deposited into the **Judicial Expense Fund** by the aforementioned courts and offices, all disbursements made by the **Judicial Expense Fund**, the setting of all fees charged by the courts and offices comprising the **Judicial Expense Fund**, and the determination of expenses related to the operations of such courts and offices.

The accounting policies of the **Judicial Expense Fund** conform to accounting principles generally accepted in the United States of America as applicable to governmental agencies. The following is a summary of the more significant accounting policies.

The Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, as subsequently amended by GASB No. 39 *The Financial Reporting Entity*, established standards for defining and reporting on the financial entity. GASB Statement No. 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies, Continued:

The Financial Reporting Entity, Continued

On June 23, 2006, the Louisiana State Legislature enacted Act 621 of the Louisiana 2006 regular session to create the 41<sup>st</sup> **Judicial District Court**. Included in the provisions for the Act was the collection and allocation of fees to the **Judicial Expense Fund** and the Clerk of the Civil District Court's Salary Fund. Specifically, the Act provides for the collection of fees and the deposit of a minimum of 50% of those funds in the Clerk of the Civil District Court and balance with the **Judicial Expense Fund**.

Management of the **Judicial Expense Fund** has determined that the Clerk of Civil District Court - Salary Fund is not a component unit of the **Judicial Expense Fund** because in management's opinion, it has a separately elected governing body; legally separate, and is fiscally independent of the **Judicial Expense Fund**

As previously discussed, state statute established the **Judicial Expense Fund** as the managing entity for fiscal operations of the **Judicial Expense Fund** which is separate and independent of any other governmental "reporting entity" as defined by GASB Statement Nos 14 and 39.

In addition, the **Judicial Expense Fund** is financially independent of other governments. Although the **Judicial Expense Fund** conducts its business from a building provided by the City of New Orleans, as discussed in NOTE 4, this support is considered incidental in relation to the **Judicial Expense Fund's** total revenues and expenditures, and in view of the additions and improvements made to this building by the **Judicial Expense Fund** from its operating revenues over the term of its occupancy, which total in excess of \$4,195,182 through the year ended December 31, 2012.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

The Financial Reporting Entity, Continued

Accordingly, management has concluded that **the Judicial Expense Fund** is the financial reporting entity within the meaning of the provisions of GASB Statement Nos. 14 and 39.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of **the Judicial Expense Fund**. **The Judicial Expense Fund** is considered to be a governmental activity of a special-purpose government.

**The Judicial Expense Fund's** Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in expenses reported by function. Program revenues include filing and remote access fees and operating grants.

Separate financial statements are provided for **the Judicial Expense Fund's** governmental fund. **The Judicial Expense Fund's** government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies , Continued

Government-Wide and Fund Financial Statements, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, **the Judicial Expense Fund** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**The Judicial Expense Fund** reports its governmental fund as follows:

General Fund

The General Fund is used to account for all financial resources of **the Judicial Expense Fund**.

The operations of the General Fund are comprised of the General Fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of the Clerks of the Civil District Court, First City Court, and Second City Court.

Pursuant to the requirements of GASB Statement No. 54, (*Fund Balance Reporting and Governmental Fund Type Definitions*) fund balance is reported as nonspendable and unassigned. The nonspendable classification is associated with amounts considered nonspendable such as capital assets, prepaid assets, etc. The unassigned classification represent amounts not restricted or committed

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies , Continued:

General Fund, Continued

Salaries of the judges of the Civil District Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of **the Judicial Expense Fund**.

The judges receive no compensation for serving in their capacity as Judges *En Banc* of **the Judicial Expense Fund** for the Parish of Orleans.

Additionally, **the Judicial Expense Fund** has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and **the Judicial Expense Fund** (pursuant to LSA-R.S. 13:2152). For the year ended December 31, 2012, **the Judicial Expense Fund** paid \$94,102 each to four (4) City Judges. The total paid for all city court judges' salaries was \$37,411.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies , Continued:

Capital Assets

The Judicial Expense Fund's capitalization policy requires that all single assets costing \$1,500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$1,500 are expensed. All assets, regardless of cost, are tracked. The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the quarter in which the capital asset is purchased. Leasehold improvements are amortized over the lesser of their useful lives or lease period. Based on its own experience, the Judicial Expense Fund established the following estimated useful lives for each asset class:

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Computer Equipment	5
Computer Software	5
Office Equipment	5
Furniture and Fixtures	10
Leasehold Improvements	3

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies , Continued:**

**Budgets and Budgetary Accounting**

The Judges *En Banc* at a public meeting on December 6, 2011, adopted a budget for the fiscal year ended December 31, 2012. Further, the Judges *En Banc* at a public meeting held on December 4, 2012, adopted a budget for the fiscal year ending December 31, 2013.

The budget of the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the accounting for capital assets and long-term debt.

**Compensated Absences**

Employees who work in the offices of the Clerk of First City Court earn vacation and personal leave on the anniversary of their employment date. At year end there were employees who had earned accrued leave that was unpaid at December 31, 2012. This accrued leave will be paid within the next year. Accrued leave earned but unused by those employees at December 31, 2012 has been included in the accompanying financial statements.

**Additional Operating Expenses**

It is **the Judicial Expense Fund's** policy to limit expenses by each division of the Court for additional operating expenses. Such expenses may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by **the Judicial Expense Fund** as to the purpose for which these expenses may be used and only for such expenses supported by proper documentation.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Additional Operating Expenses, Continued

The specific guidelines established by the **Judicial Expense Fund** permit use of such amounts for expenses directly associated with or incidental to legal or judicial matters and functions. These expenses are included in the General Fund of the accompanying financial statements of the **Judicial Expense Fund**.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Governmental Accounting Standards Board (GASB)  
Statement Nos. 25 and 27

In November 1994, the GASB issued Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As such, the **Judicial Expense Fund's** financial statements reflect the disclosure requirements of GASB Statement Nos. 25 and 27.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Cash and Temporary Cash Investments:**

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments with maturities of three months or less.

At December 31, 2012, the carrying amounts of the **Judicial Expense Fund's** deposits were \$2,857,571 and the bank balance was \$2,898,493. Of these amounts, \$250,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the **Judicial Expense Fund** and the financial institution and held in safekeeping by the Federal Reserve Bank of Boston and JP Morgan Chase.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the **Judicial Expense Fund's** deposits may not be returned to it. The **Judicial Expense Fund** has a deposit policy for custodial credit risk. Nevertheless, none of the **Judicial Expense Fund's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of the **Judicial Expense Fund** and the financial institution and were held in safekeeping by the Federal Reserve Bank of Boston.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

Deposits in excess of FDIC insurance were collateralized by the securities previously described.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans:**

**Plan Description**

**The Judicial Expense Fund** does not maintain a separate pension plan for its employees. However, its employees are eligible to participate in various multiple-employer (cost-sharing) defined benefit plans provided by the state or city governments and substantially all of the **Judicial Expense Fund's** employees are covered by one of the available plans.

The respective plan benefits provisions are established and amended under the following statutes:

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1501-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184

Generally, eligibility to participate in one of the plans commences with full-time permanent employment and, in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years and, in some instances, may require attainment of a minimum age

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued**

Annual retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances, the resulting amount may be increased by a fixed amount. In most cases, annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained via contact as follows:

**Louisiana State Employees' Retirement System**  
8401 United Plaza Blvd.  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 922-0614  
Website: [www.lasers.state.la.us](http://www.lasers.state.la.us)

**Louisiana Clerks' of Court Retirement and Relief Fund**  
11745 Bricksome Avenue -- Suite B-1  
Baton Rouge, LA 70816  
Telephone: (800) 256-6660  
Fax: (225) 291-7424  
Website: [www.laclerksofcourt.org](http://www.laclerksofcourt.org)

**Louisiana Sheriffs' Pension and Relief Fund**  
1225 Nicholson Drive  
Baton Rouge, LA 70802-7537  
Telephone: (225) 219-0500  
Fax: (225) 219-0521  
Website: [www.lsprf.com](http://www.lsprf.com)

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

**Funding Policy**

Under the terms of the various plans, employees contribute a specified percentage of their gross earnings and the **Judicial Expense Fund** also contributes a specified percentage.

Those plans in which the employees of the **Judicial Expense Fund** participate and the specified contribution percentages at December 31, 2012 are as follows:

	<u>Period</u>	<u>Contribution Employee (%)</u>	<u>Percentages Employer (%)</u>
Louisiana State Employees' Retirement	01/01-06/30	7.50	22.60
System (LASERS)-Employees	07/01-12/31	7.50	25.60
Employees hired after 7/1/06	07/01-12/31	8.00	22.00
	01/01-06/30	8.00	25.60
Louisiana State Employees' Retirement	01/01-06/30	11.50	22.00
System (LASERS) - Judges	07/01-12/31	11.50	31.60
Judges hired in 2010	01/01-06/30	13.00	22.00
Judges hired in 2010	07/01-12/31	13.00	20.20
Louisiana Clerks' Retirement and Relief	01/01-06/30	8.25	17.25
Fund (LCRRF)	07/01-12/31	8.25	17.25
Louisiana Sheriffs' Pension and Relief	01/01-06/30	10.00	12.00
Fund (LSPRF)	07/01-12/31	10.00	12.50

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the year ended 2012 amounted to:

LASERS Judges hired before 2010	34.80%
LASERS Judges hired in 2010	28.20%
LASERS all others	29.10%
Clerks	17.25%
Sheriffs	12.50%

Benefits granted by the retirement systems are guaranteed by the State of Louisiana. **The Judicial Expense Fund** does not guarantee the benefits granted by the retirement systems.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

The total covered payroll of the **Judicial Expense Fund** for 2012 amounted to \$5,120,188. The **Judicial Expense Fund**'s contributions to the retirement system and the total covered payrolls by each retirement system are as follows:

	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>Total</u>
Total payroll covered	<u>\$2,610,193</u>	<u>\$1,779,516</u>	<u>\$730,479</u>	<u>\$5,120,188</u>
Employer contribution	<u>\$ 750,419</u>	<u>\$ 306,967</u>	<u>\$ 93,758</u>	<u>\$1,151,144</u>
Aggregate pension costs	<u>\$ 907,647</u>	<u>\$ 438,175</u>	<u>\$165,069</u>	<u>\$1,510,891</u>

Aggregate pension costs for the year ended December 31, 2012 was \$1,510,891. For 2012, actual contributions from the **Judicial Expense Fund** to each of the three pension plans were 100% of the required contributions.

In accordance with LSA-R.S. 11:1563, if at any time monies in the State Fund are not sufficient to pay each retiree and beneficiary, the full amount to which he/she is entitled, equal percentages of the full amount shall be paid to each retiree and beneficiary until the fund is replenished so as to warrant resumption of the payment of the full amount to each retiree and beneficiary

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Capital Assets, Net:

The following is a summary of capital assets for the year ended December 31, 2012:

	Balance January 1, <u>2012</u>	<u>Additions</u>	Balance December 31, <u>2012</u>
Computer equipment	\$1,560,549	\$ 29,878	\$ 1,590,427
Computer software	1,664,924	80,682	1,745,606
Office equipment	171,711	40,711	212,422
Furniture and fixtures	72,196	-0-	72,196
Leasehold improvements	<u>19,685</u>	<u>7,248</u>	<u>26,933</u>
	3,489,065	158,519	3,647,584
Less: accumulated depreciation	<u>(3,155,697)</u>	<u>(131,403)</u>	<u>(3,287,100)</u>
Net	<u>\$ 333,368</u>	<u>\$ 27,116</u>	<u>\$ 360,484</u>

Depreciation expense charged to each function for the year ended December 31, 2012 is as follows:

Civil District Court	\$ 88,369
First City Court	37,778
Second City Court	<u>5,256</u>
Total	<u>\$131,403</u>



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Net, Continued:**

An analysis of changes in accumulated depreciation and amortization by asset classification for the year ended December 31, 2012 is as follows:

	Balance <u>January 1, 2012</u>	<u>Additions</u>	Balance <u>December 31, 2012</u>
Computer equipment	\$1,303,745	\$ 90,034	\$1,393,779
Computer software	1,616,620	22,540	1,639,160
Office equipment	147,869	16,847	164,716
Furniture and fixtures	67,778	1,620	69,398
Leasehold improvements	<u>19,685</u>	<u>362</u>	<u>20,047</u>
Total	<u>\$3,155,697</u>	<u>\$131,403</u>	<u>\$3,287,100</u>

The building, which the **Judicial Expense Fund** occupies and uses to conduct its operations is owned by the City of New Orleans. Although the **Judicial Expense Fund** does not pay rent to the City, the **Judicial Expense Fund** has made additions and improvements to the building during its term of occupancy.

These additions and improvements are not included in the capital assets since the **Judicial Expense Fund** does not own the building. Such building additions and improvements funded from operations of the **Judicial Expense Fund** over its term of occupancy amount to \$4,195,182 through December 31, 2012. Building additions and improvements made for the year ended December 31, 2012 amounted to \$-0- are included in the accompanying financial statements of the **Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - Commitments:**

Pursuant to LSA-R.S. 11:1371, the **Judicial Expense Fund** is required to make monthly payments to the widow of a former Civil Court judge who served from 1949 until his death in 1970 and was not a member of the judges' retirement system. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$7,200 for 2012, and are reflected as an expense in the accompanying financial statements of the **Judicial Expense Fund**.

**NOTE 6 - Registry of Court Funds:**

The Clerks of Civil District Court, First City Court and Second City Court each maintain a Registry of Court fund. Parties to litigation in these courts may deposit, or be ordered to deposit, cash or property into these funds in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to them or such other parties as the court may direct upon the conclusion of the litigation.

The Clerk of Civil District Court, the Clerk of First City Court and the Clerk of Second City Court are the custodians of the Registry of Court fund for each respective court. The Clerks generally may only accept deposits into or disburse funds from the Registry of Court fund by order of the respective court.

These funds are subject to an annual audit by independent auditors who issue a separate report thereon.

With respect to the Registry of Court funds of the Civil District Court, LSA-R.S. 13.1305 authorizes the investment of these funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to the **Judicial Expense Fund** as reimbursement for administrative costs associated with the Registry of Court funds.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Registry of Court Funds, Continued:**

Interest earned and due to **the Judicial Expense Fund** at December 31, 2012 amounted to \$43,051 and is included in the accompanying financial statements.

**NOTE 7 - Operating Leases:**

**The Judicial Expense Fund** is committed under various leases for office equipment and storage which expire in varying periods through 2015. The leases are considered for accounting purposes to be operating leases. Lease expense for the year ended December 31, 2012 was \$68,285.

Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2013	\$ 68,285
2014	68,285
2015	<u>23,505</u>
Total	<u>\$160,075</u>

**NOTE 8 - Risk Management:**

**The Judicial Expense Fund** is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets for which **the Judicial Expense Fund** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

For the year ended December 31, 2012, no insurance settlements exceeded the amount of insurance coverage.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 9 - Concentration of Credit Risk:**

**The Judicial Expense Fund's** principal source of revenues consists mainly of filing fees. If the amount of fees received falls below budgeted levels, **the Judicial Expense Fund's** operating results could be adversely affected.

**NOTE 10 - Postemployment Retirement Benefits:**

**Plan Description**

Employees of the **Judicial Expense Fund** may voluntarily participate in the State of Louisiana's health insurance plan as provided by LSA-R.S. 17:1223 which is administered by the Office of Group Benefits (OGB). Those employees of the **Judicial Expense Fund** who are plan members become eligible for postemployment medical and life insurance benefits if they reach normal retirement age while working for the **Judicial Expense Fund**. Currently, **the Judicial Expense Fund** provides postemployment benefits for retired employees. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits  
State of Louisiana  
P. O. Box 44036  
Baton Rouge, Louisiana 70804  
Phone. (800) 215-1093  
Website: [www.groupbenefits.org](http://www.groupbenefits.org)

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Funding Policy

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2003, the **Judicial Expense Fund** recognized the cost of providing these benefits (the **Judicial Expense Fund's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, prospectively in 2004 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2012 the **Judicial Expense Fund's** portion of health care, dental and life insurance benefit premiums for both active and retired employees totaled \$910,710.

Required Contribution Rates

Rates are determined by the Office of Group Benefits (OGB) approved by the Louisiana Legislature. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

The **Judicial Expense Fund's** annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The **Judicial Expense Fund's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for 2012 was \$759,780, none of which was funded because no trust had been established

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Annual Postemployment Benefits Cost and Net  
Postemployment Benefits Liability

The following table shows the **Judicial Expense Fund's** annual postemployment benefits for 2012 and changes in the unfunded postemployment benefits liability.

Normal cost	\$ 434,100
30-year actuarial accrued liability amortization of medical and life insurance	<u>325,680</u>
Annual required contribution	\$ <u>759,780</u>
Annual Postemployment Benefits expense	\$ 759,780
Payments of Retiree Premiums	<u>(401,513)</u>
Decrease in Unfunded Postemployment Benefits liability	358,267
Unfunded Postemployment Benefits Liability-January 1, 2011	<u>621,521</u>
Unfunded Postemployment Benefits Liability-December 31, 2012	\$ <u>979,788</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 10 - Postemployment Retirement Benefits, Continued:**

**Annual Postemployment Benefits Cost and Net  
Postemployment Benefits Liability, Continued**

The following table shows the **Judicial Expense Fund's** annual postemployment benefits cost, percentage of that cost contributed, and the net unfunded postemployment benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Postemployment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Postemployment Benefits Liability</u>
12/31/04	\$426,186	80.4%	\$ 83,524
12/31/05	426,186	80.4%	83,524
12/31/06	426,186	80.4%	83,523
12/31/07	426,186	85.5%	60,534
12/31/08	545,192	77.3%	132,501
Adjustment	N/A	N/A	181,296
12/31/09	N/A	91.2%	44,955
12/31/10	545,916	88.4%	63,174
12/31/11	307,796	136.2%	(111,510)
12/31/12	759,780	52.8%	<u>358,267</u>
<b>Total</b>			<b><u>\$ 979,788</u></b>

**Funded Status and Funding Progress**

In 2012 the **Judicial Expense Fund** made no contributions to a postemployment benefits plan trust since such a trust had not been established; the plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on OGB's most recently prepared actuarial valuation report, the actuarial accrued liability at June 30, 2012 was \$7,899,120. Information about the nature of the actuarial valuation process, including significant methods and assumptions used are available from the OGB located at page 55 of this report.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Changes in Noncurrent Liabilities:**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2012:

	<u>Other Liabilities</u>	<u>Postemployment Benefits</u>	<u>Total</u>
Beginning of year	\$ 2,130	\$621,521	\$ 623,651
Additions	1,410,248	358,267	1,768,515
Retirements	<u>(2,130)</u>	<u>-0-</u>	<u>(2,130)</u>
End of year	<u>\$1,410,248</u>	<u>\$979,788</u>	<u>\$2,390,036</u>

Of the total noncurrent liabilities at December 31, 2012, \$-0- are due within one year of December 31, 2012.

**NOTE 12 - Contingencies:**

**The Judicial Expense Fund** is named in various suits. It is counsel's opinion at December 31, 2012 and June 20, 2013 of outcomes favorable to the **Judicial Expense Fund**.

**NOTE 13 - Payments to the Clerk of Civil District Court Operational Fund:**

Act 621 passed by the Legislature and signed by the Governor of the State of Louisiana on June 23, 2006 required the deposit of no less than fifty percent of the filing fees collected pursuant to LSA-R.S.13:1213.1 in the Clerk's operational fund.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 14 - Intergovernmental Memorandum of Understanding:

During the year ended December 31, 2012, the **Judicial Expense Fund** and the Clerk of Civil District revised its executed Memorandum of Understanding. The revised provisions of the memorandum seek to facilitate the continued efficient and effective delivery of services to the benefit of the Citizenry of the Parish of Orleans.

NOTE 15 - Prior Period Adjustment:

On May 1, 2012, the **Judicial Expense Fund** and the Clerk of Civil District Court (Clerk) executed an agreement acknowledging that a net sum of \$1,435,540 representing all sums or fees collected by the offices of Mortgages and Conveyance, should be transferred to the Clerk.

Further, the Clerk agreed that the **Judicial Expense Fund** can repay the amount due the Clerk at a rate of 1% of the amounts paid to the Court as part of its fee split of the filing fees received from Civil filing fees, until said amount is paid in full. In addition, the Judges *En Banc* and the Clerk agreed that this agreement shall continue herein unless compliance with the law or a judicial order or judgment requires a different result.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Domestic Support</u>	<u>Total</u>
<b>REVENUES</b>					
Filing fees	\$4,507,331	\$1,926,366	\$270,115	\$ -0-	\$6,703,812
Interest income	30,963	13,237	1,842	-0-	46,042
Grant income	34,804	-0-	-0-	-0-	34,804
Other income	<u>963,282</u>	<u>405,670</u>	<u>60,521</u>	<u>187,597</u>	<u>1,617,070</u>
Total revenues	<u>5,536,380</u>	<u>2,345,273</u>	<u>332,478</u>	<u>187,597</u>	<u>8,401,728</u>
<b>DIRECT EXPENSES</b>					
Salaries	2,749,547	1,670,799	337,727	612,321	5,370,394
Employee benefits	1,448,935	719,376	191,581	206,276	2,566,168
Court reporters and interpreters	8,785	62	140	-0-	8,987
Juror meals and transportation	<u>2,511</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,511</u>
Total direct expenses	<u>4,209,778</u>	<u>2,390,237</u>	<u>529,448</u>	<u>818,597</u>	<u>7,948,060</u>

See Independent Auditors' Report on Supplementary Information

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Domestic Support</u>	<u>Total</u>
<b>INDIRECT EXPENSES</b>					
Books, printing and copying	\$ 107,215	\$ 52,655	\$ 10,242	\$ -0-	\$ 170,112
Building and personnel security	94,331	26,053	5,016	-0-	125,400
Communication	140,277	38,427	11,809	-0-	190,513
Depreciation	88,369	37,778	5,256	-0-	131,404
Facilities	24,762	33,132	2,585	-0-	60,479
Furniture, equipment and maintenance	79,742	32,271	3,996	-0-	116,009
Insurance	77,082	24,730	5,713	-0-	107,525
Office supplies and expenses	67,712	33,699	7,540	-0-	108,951
Postage and couriers	22,836	13,735	2,844	-0-	39,415
Professional education and dues	31,683	9,774	10,695	-0-	52,152
Professional services	59,334	30,260	6,758	-0-	96,352
Other expenses	<u>3,455</u>	<u>6,640</u>	<u>485</u>	<u>-0-</u>	<u>10,580</u>
Total indirect expenses	<u>796,798</u>	<u>339,154</u>	<u>72,939</u>	<u>-0-</u>	<u>1,208,891</u>
Total expenses	<u>5,006,576</u>	<u>2,729,391</u>	<u>602,387</u>	<u>818,597</u>	<u>9,156,951</u>
Excess revenues (expenses)	<u>\$ 529,804</u>	<u>\$ (384,118)</u>	<u>\$(269,909)</u>	<u>\$(631,000)</u>	<u>\$ (755,223)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGETED AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(UNAUDITED)**

**REVENUES**

	<u>BUDGETED</u>			<u>VARIANCES</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(FAVORABLE)</u>
				<u>UNFAVORABLE</u>
Filing fees, net	\$7,097,091	\$7,097,091	\$6,703,812	\$ 393,279
Interest revenue	152,992	152,992	46,042	106,950
Other revenue	<u>1,638,500</u>	<u>1,638,500</u>	<u>1,651,874</u>	<u>(13,374)</u>
Total revenues	<u>8,888,583</u>	<u>8,888,583</u>	<u>8,401,728</u>	<u>486,855</u>

**DIRECT EXPENDITURES**

Salaries	5,466,166	5,466,166	5,370,394	(95,772)
Employee benefits	2,552,895	2,552,895	2,566,168	13,273
Court reporters and interpreters	2,354	2,354	8,987	6,633
Juror meals and transportation	<u>4,000</u>	<u>4,000</u>	<u>2,511</u>	<u>(1,489)</u>
Total direct expenditures	<u>8,025,415</u>	<u>8,025,415</u>	<u>7,948,060</u>	<u>(77,355)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGETED AND ACTUAL  
(NON-GAAP BUDGETARY BASIS), CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)**

**INDIRECT EXPENDITURES**

	<u>BUDGETED</u>			<u>VARIANCES</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(FAVORABLE)</u>
				<u>UNFAVORABLE</u>
Books, printing and copying	\$ 187,672	\$ 187,672	\$ 170,112	\$ (17,560)
Building and personnel security	135,200	135,200	125,400	(9,800)
Communication	217,605	217,605	190,513	(27,092)
Facilities	88,823	88,823	60,479	(28,344)
Furniture, equipment and maintenance	82,873	82,873	116,009	33,136
Insurance	93,452	93,452	107,525	14,073
Office supplies and expenditures	78,808	78,808	108,951	30,143
Postage and couriers	47,275	47,275	39,415	(7,860)
Professional education and dues	68,549	68,549	52,152	(16,397)
Professional services	126,378	126,378	96,352	(30,026)
Other expenditures	1,544,287	1,544,287	10,580	(1,533,707)
Capital expenditures	<u>400,000</u>	<u>400,000</u>	<u>27,116</u>	<u>(372,884)</u>
Total indirect expenditures	<u>3,070,923</u>	<u>3,070,923</u>	<u>1,104,604</u>	<u>(1,966,319)</u>
Total expenditures	<u>11,096,337</u>	<u>11,096,337</u>	<u>9,052,664</u>	<u>(2,043,673)</u>
Excess (deficiency) of revenues over expenditures before other sources (uses)	<u>\$ (2,207,754)</u>	<u>\$ (2,207,754)</u>	<u>\$ (650,936)</u>	<u>\$ 1,556,818</u>

See Independent Auditors' Report on Supplementary Information

### SCHEDULE III

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF BUDGETARY TO GAAP RECONCILIATION  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)**

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The Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgeted and Actual presents comparison of the **Judicial Expense Fund's** legally adopted original and final budget (non-GAAP basis) with actual data on a budgetary basis. The accounting principles applied by the **Judicial Expense Fund** for the purposes of developing data for its budget differ from those used to present the basic financial statements (GAAP Basis).

A reconciliation of the previously described basis follows:

Excess of revenues over expenditures (budgetary basis)	\$(650,936)
Amount by which capital outlays, net of retirements exceeds accumulated depreciation	<u>(104,287)</u>
Change in net position	<u>\$(755,223)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO BUDGETARY DATA INFORMATION**

---

Preparation of the budget begins in the Fiscal Administration office of the Judicial Administrator. The Chief Accountant compiles actual historical financial information for the completed year(s) for each of the eleven departments comprising the **Judicial Expense Fund**. The Chief Judge writes a letter to the two parochial officials presenting this compiled information and asking for their input for an upcoming budget within four weeks.

The Chief Accountant and Judicial Administrator then prepare budgets for the remaining eight departments, as well as the budget for the **Judicial Expense Fund** as a whole.

In accordance with the **Judicial Expense Fund** and Performance Accountability Act of 1999, each year the Judges *En Banc* submit their strategic plan to improve performance to the Louisiana Supreme Court. The **Judicial Expense Fund** has actively participated in the Strategic Plan of the Trial Courts since 2000, and aspects of this plan are incorporated into the budget.

Upon completion, the entity-wide budget is presented to the Finance Committee of the Judges *En Banc*, for their review. Once the Finance Committee approves both an operating budget and capital expenditure budget they present their recommendation to the Judges *En Banc*. According to section LSA-R.S.39:1309 the budget is adopted at an open meeting during which the public is invited to comment.

The Fiscal Administration office monitors revenues and controls expenditures according to section 1311. If it becomes necessary to amend the budget, the Chief Accountant and the Judicial Administrator will prepare an amended budget and present it to the Finance Committee for approval. The Finance Committee will recommend an amended budget to the Judges *En Banc*, who will formally adopt the amended budget at an open meeting according to section LSA-R.S.39:1310.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**ACKNOWLEDGMENTS**

***REPORT PREPARED BY***

Anne Castjohn - Chief Accountant

***CHIEF JUDGE***

Piper D Griffin - Effective January 1, 2012

***JUDICIAL ADMINISTRATOR***

Traci Dias - Judicial Administrator

***FINANCIAL REPORTING SECTION***

Trina R. Lewis	- Accounts Payable
Tymetrius Jones	- Administrative Assistant
Andrea Johnson	- Staff Accountant
Jenice Saberre	- Administrative Assistant



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**EXIT CONFERENCE**

---

An exit conference and other meetings were held with representatives of the **Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Traci Dias	-- Judicial Administrator
Anne Castjohn	-- Chief Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Waldo J. Moret, Jr., CPA	-- Partner
Paul K. Andoh, Sr., CPA, MBA, CGFM	-- Partner
Sherina C. Lewis, CPA	-- Manager

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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American Institute of  
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Society of Louisiana  
Certified Public Accountants

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Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans  
New Orleans, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activity and major fund and related notes to the financial statement, which comprise the basic financial statements of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts for the Parish of Orleans** (hereinafter collectively referred to as the **Judicial Expense Fund**) as of and for the year ended December 31, 2012, and have issued our report thereon dated June 20, 2013. Our report includes reference to other auditors who audited the financial statements for the Clerk of Civil District Court for the Parish of Orleans and the Clerk of First City Court for the Parish of Orleans, as described in our report on the financial statements of the **Judicial Expense Fund**. This report does not include the results of the other auditors' testing of internal control over financial reporting and on compliance and other matters that are reported on separately by those auditors.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the **Judicial Expense Fund's** internal control over financial reporting to determine the audit procedure that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Judicial Expense Fund's** internal control over financial reporting. Accordingly, we do not express any opinion on the effectiveness of the **Judicial Expense Fund's** internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the **Judicial Expense Fund's** financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **Judicial Expense Fund's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Judicial Expense Fund's** internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Judicial Expense Fund's** internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

June 20, 2013

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDING AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**Section I - Summary of Auditors' Results**

***Financial Statement***

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
o Material weakness(es) identified.	No
o Significant deficiency(ies) identified.	None Reported
Noncompliance material to financial statements noted:	No

***Federal Awards***

Internal control over financial reporting:	
o Material weakness(es) identified.	Not Applicable
o Significant deficiency(ies) identified.	Not Applicable
Type of auditor's report issued on compliance for major programs.	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Not Applicable

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**Section I - Summary of Auditors' Results, Continued**

***Federal Awards, Continued***

Identification of major programs.	Not Applicable
-----------------------------------	----------------

Dollar threshold used to distinguish between type A and B programs	Not Applicable
---	----------------

Auditee qualified as low risk auditee?	Not Applicable
--	----------------



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**Section II - Financial Statement Findings and Responses**

*No financial statement findings were reported for the year ended December 31, 2012.*

**Section III - Federal Award Findings and Questioned Costs**

*No federal award findings and questioned costs were reported for the year ended December 31, 2012.*

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**Section IV - Other Matters**

**Reference Number**

LA 2012-01

The Legislative Auditor for the State of Louisiana performed an investigative audit of **the Judicial Expense Fund** and issued its report dated November 27, 2012. The entire report and the **Judicial Expense Fund's** response is published on the Legislative Auditor's website.

In a letter dated November 14, 2012, the Judges En Banc provided their response to the findings.

Further, it is our understanding that the response to the investigate audit afforded in the referenced letter represents the current status of the report findings

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**EXIT CONFERENCE**

---

An exit conference was held with representatives of the **Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Traci Dias	--	Judicial Administrator
Anne Castjohn	--	Chief Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Waldo J. Moret, Jr., CPA	--	Partner
Paul K. Andoh, Sr., CPA, MBA, CGFM	--	Partner
Sherina C. Lewis, CPA	--	Manager



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Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

To the Judges *En Banc*  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans,  
also including First and Second City Courts  
for the Parish of Orleans**  
New Orleans, Louisiana

Management of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts for the Parish of Orleans** (hereinafter collectively referred to as the **Judicial Expense Fund**) is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements of as of and for the year ended December 31, 2012, we considered the **Judicial Expense Fund's** internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the **Judicial Expense Fund's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Judicial Expense Fund's** internal control.

During our audit, we became aware of other matters that provide an opportunity for the **Judicial Expense Fund** to strengthen its internal control and operating efficiency. Also, we discussed with management, the current status of prior year's other matters. We previously reported on the **Judicial Expense Fund's** internal control in our report dated June 20, 2013. This letter does not affect our report dated June 20, 2013 on the financial statements of the **Judicial Expense Fund**.

We will review the status of these matters during our next engagement. We have already discussed these other matters with the **Judicial Expense Fund's** personnel, and we will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***Current Year's Other Matters***

**2012**

No current year other matters were reported for the audit period ended December 31, 2012.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

*Status of Prior Year's Other Matters*

**2011 and Prior**

Our discussion of the status of prior year's other matters follows:

**Reference Number**

OM - 2011-01

**Condition**

The **Judicial Expense Fund** does not have in place a formalized policy to ensure the continuous update of its existing policies and procedures to include the development and implementation of new policies and procedures when necessary.

**Recommendation**

Management should establish a formalized system to address the development and implementation of new to include the continuous update of its existing policies, procedures and practices.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***Status of Prior Year's Other Matters, Continued***

**2011 and Prior, Continued**

**Reference Number**

OM - 2011-02

**Condition**

Our testing of thirty (30) cash disbursements to include payroll transactions revealed the following conditions:

- o In one (1) instance we noted no evidence to support the performance of clerical verification of a paid invoice.
- o In one (1) instance, the transaction was coded to an incorrect general ledger account.
- o In one (1) payroll transaction tested, we were unable to verify the employees documented election to participate or not participate in a benefit program.

**Recommendation**

Considering the size of the accounting department, management should continue to provide an enhanced level of oversight necessary to minimize, if not eliminate the referenced conditions

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***Status of Prior Year's Other Matter, Continued***

**2011 and Prior, Continued**

**Reference Number**

OM 2009-01

**Condition**

Our review of the **Judicial Expense Fund's** internal control over financial reporting revealed the following conditions:

- o Journal entries prepared and posted for the month of September 2008 (month judgementally selected for testing) lacked evidence to support the performance of supervisory review and/or approval prior to input into the **Judicial Expense Fund's** general ledger.

Also, we noted the lack of supporting documentation to evidence the basis for certain journal entries prepared and posted by staff.

- o Three (3) of twelve (12) deposit transactions selected and reviewed lacked supporting documentation such as the "Payment Type Summary Report" which depicts the summary and detail by "SKU" of the daily cash collections.
- o The current accounting policies and procedural manual used by the **Judicial Expense Fund** does not reflect current practices and/or revised policies.
- o In twenty-one (21) instances of twenty-nine (29) cash disbursements vouched, we noted where invoices bear no evidence to support verification of its mathematical accuracy prior to payment.
- o For three (3) of four (4) personnel files reviewed, we noted the absence of U.S. Department of Justice Immigration Form 1-9 in one instance and incomplete Forms 1-9 (employer verification section) in the remaining two instances. Also, payroll and benefit deduction and pay rate authorizations were not available for our review.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***Status of Prior Year's Other Matter, Continued***

**2011 and Prior, Continued**

**Reference Number, Continued**

OM 2009-01

**Condition, Continued**

- o All significant general ledger control accounts should be completely reconciled to their respective subsidiary ledgers to include resolution of differences, if any.
- o In an instance, the account distribution was incorrect based on nature of expense.

**Recommendation**

We recommended that all journal entries prepared should have the necessary and required supporting documents attached. Also, all journal entries should be reviewed and approved at a level above the preparer prior to input.

The current accounting policies and procedural manual should be updated to accommodate current practices and/or policies. Finally, all required personnel documents authorizing pay rates by management and deductions by respective employees should be filed in the respective personnel file.

Finally, all required personnel documents authorizing pay rates by management and deductions by respective employees should be filed in the respective personnel file.

**Current Status**

Resolved

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

---

The **Judicial Expense Fund's** response to other matters identified in our audit is described in the accompanying report on other matters related to internal control under the caption "Management's Response and Corrective Action Plan" and/or "Current Status". We did not audit the **Judicial Expense Fund's** response and, accordingly, we express no opinion on it.

\*\*\*\*\*

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of the **Judicial Expense Fund**, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 20, 2013